

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

WEALTH TAX REFERENCE No 77 of 1991

For Approval and Signature:

Hon'ble MR.JUSTICE R.K.ABICHANDANI and
MR.JUSTICE A.R.DAVE

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1. Whether Reporters of Local Papers may be allowed to see the judgements?
2. To be referred to the Reporter or not?
3. Whether Their Lordships wish to see the fair copy of the judgement?
4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder?
5. Whether it is to be circulated to the Civil Judge?

COMMISSIONER OF WEALTH-TAX

Versus

S P MEHTA

Appearance:

MR MANISH R BHATT for Petitioner
Respondent served

CORAM : MR.JUSTICE R.K.ABICHANDANI and
MR.JUSTICE A.R.DAVE

Date of decision: 27/01/98

ORAL JUDGEMENT (Per R.K.Abichandani,J.)

The Income Tax Appellate Tribunal, Ahmedabad has referred the following two questions for our opinion under Section 27(1) of the Wealth Tax Act, 1957:-

1. "Whether the Tribunal is right in law and on facts in holding that Rule 1D of the W.T Rules is not mandatory?"
2. "Whether the Tribunal is right in law and on facts in holding that the shares in question are required to be valued as per yield method?"

The Tribunal proceeded on the footing that the proper method for valuing the shares of a going concern is the yield basis method.

The Hon'ble Supreme Court in Bharat Hari Singhania, reported in 207 ITR page 1, has while construing the provisions of Rule 1D of the Wealth Tax Rules, held that Rule 1D has to be followed in every case where unquoted equity shares of a company (other than an investment company or a managing agency company) have to be valued and all the authorities under the Act are bound by the said Rule. It was held that Rule 1D was exhaustive on the subject.

In view of this decision, the aforesaid questions referred to us are answered in the negative in favour of the Revenue and against the assessee. The reference stands disposed of accordingly with no order as to costs.

* /Mohandas